

Instructions for Form 540A — California Resident Income Tax Return

These instructions are based on the Internal Revenue Code (IRC) as of January 1, 2001, and the California Revenue and Taxation Code (R&TC).

Before You Begin

You must complete your federal income tax return (Form 1040, Form 1040A, Form 1040EZ, or federal TeleFile Tax Record) before you begin your Form 540A. You will use the information you entered on your federal income tax return to complete your Form 540A. See "Order Forms and Publications" on page 64 for information on how to get the forms and publications referred to in these instructions.



You may qualify for the federal earned income credit. See page 2 of this booklet for more information. There is no comparable state credit.

Step 1 — Name and Address

If there is a label on the front of your booklet, attach the label to your completed return. Make sure that the information on your label is correct. Cross out any errors and print the correct information.

If there is no label on the front of your booklet, print your first name(s), middle initial(s) and last name(s), and address in the spaces provided at the top of Form 540A. See page 8, Helpful Hints, "Filling in your return."

If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled "PMB no." in the address area.

Step 1a — Social Security Number(s)

Enter your social security number(s) in the spaces provided. To protect your privacy, your social security number(s) are not printed on your label. If you file a joint return, enter the social security numbers in the same order as the names.

Note: If you do not have a social security number because you are a nonresident or resident alien for federal tax purposes, and the IRS issued you an Individual Taxpayer Identification Number (ITIN), enter the ITIN in the space for the social security number.

Step 2 — Filing Status

Fill in only one of the circles for line 1 through line 5. Be sure to enter the required additional information if you filled in the circle for line 3 or line 5.

You must use the same filing status for California that you used for your federal income tax return.

Exception: If you file a joint return for federal, you may file separately for California if either spouse was:

- An active member of the United States armed forces or any auxiliary military branch during 2002, or
- A nonresident for the entire year and had no income from California sources during 2002.

If you had no federal filing requirement, use the same filing status for California you would have used to file a federal income tax return.

Note: If you filed a joint return and either you or your spouse was a nonresident for 2002, you must file the Long or Short Form 540NR, California Nonresident or Part-year Resident Income Tax Return.

Line 1 — Single

You may fill in the circle on line 1 if **any** of the following was true on December 31, 2002:

- You were never married;
- You were legally separated under a decree of divorce or of separate maintenance; or
- You were widowed before January 1, 2002, and did not remarry in 2002.

Line 2 — Married Filing Jointly

You may fill in the circle on line 2 if **any** of the following is true:

- You were married as of December 31, 2002, even if you did not live with your spouse at the end of 2002;
- Your spouse died in 2002 and you did not remarry in 2002; or
- Your spouse died in 2003 before you filed a 2002 return.

Line 3 — Married Filing Separately

If you fill in the circle on line 3, be sure to enter your spouse's full name on line 3 and social security number in Step 1a.

Note: You cannot claim a personal exemption credit for your spouse even if your spouse had no income, is not filing a return, and is not claimed as a dependent on another person's return.

Note: You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the entire last six months of 2002. See page 23 for more information.

For reporting separate income and deductions, get FTB Pub. 1051A, Guidelines for Married Filing Separate Returns. See "Order Forms and Publications" on page 68.

Line 4 — Head of Household

This filing status is for unmarried individuals who provide a home for a qualifying relative. Before you select this filing status, see the head of household requirements and self-test beginning on page 24.

e-file and you can close this book now! The software you use to e-file will help you find out if you qualify to claim the head of household filing status. Most software also provide a questionnaire, 4803e, which will help verify your eligibility to the FTB. See www.ftb.ca.gov

Line 5 — Qualifying Widow(er) with Dependent Child

You may fill in the circle on line 5 and use the joint return tax rates for 2002 if **all five** of the following apply:

1. Your spouse died in 2000 or 2001 and you did not remarry in 2002; and
2. You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent; and
3. This child lived in your home for all of 2002. Temporary absences, such as for vacation or school, count as time lived in the home; and
4. You paid over half the cost of keeping up your home for this child; and
5. You could have filed a joint return with your spouse the year he or she died, even if you actually did not do so.

Note: If your spouse died in 2002, see the instructions for line 2.

Step 3 — Exemptions

Line 6 — Can be Claimed as Dependent



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Fill in the circle on line 6 if your parent (or someone else) can claim you as a dependent on his or her tax return, even if he or she chooses not to.

Line 7 — Personal Exemptions

Did you fill in the circle on line 6?

No Follow the instructions on Form 540A, line 7.

Yes Ignore the instructions on Form 540A, line 7. Instead, enter in the box on line 7 the amount shown below for your filing status:

- Single or married filing separately, enter -0-;
- Head of household, enter -0-;
- Married filing jointly and both you and your spouse can be claimed as dependents, enter -0-; or
- Married filing jointly and only one spouse can be claimed as a dependent, enter 1.

Line 8 — Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor's statement to the back of Form 540A indicating you or your spouse are visually impaired. Visually impaired means you cannot see

better than 20/200 while wearing glasses or contact lenses, or that your field of vision is not more than 20 degrees.

Caution: An individual who is someone else's dependent may not claim this credit.

Line 9 – Senior Exemptions

If you were 65 years of age or older by December 31, 2002*, you should claim an additional exemption credit on line 9. If you are married, each spouse 65 years of age or older should claim an additional credit. You may contribute all or part of this credit to the California Seniors Special Fund. See page 46 for information about these funds.

*If your 65th birthday is on January 1, 2003, you are considered to be age 65 on December 31, 2002.

Caution: An individual who is someone else's dependent may not claim this credit.

Line 10 – Dependent Exemptions

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. If additional space is needed, attach a schedule. The persons you list as dependents must be the same persons you listed as dependents on your federal income tax return. Multiply the total by the pre-printed dollar amount and enter the result.

Line 11 – Total Personal, Blind, and Senior Exemptions

Enter the total dollar amount of all exemptions, personal and dependent.

Step 4 — Taxable Income and California Income Adjustments

Refer to your completed federal income tax return to complete Step 4.

Line 12a – State Wages

Enter the total amount of your state wages from all states from each of your Form(s) W-2. This amount should be on Form W-2, box 16.

Line 13 – California Income Adjustments

California does not tax certain types of income that are taxable on your federal return. In addition, there may be differences between the taxable amounts of federal and California IRA distributions, pensions, and annuities.

Line 13a – State Income Tax Refund

Enter the amount of any state income tax refund shown on your federal Form 1040, line 10. If you filed Form 1040A or Form 1040EZ, enter -0-.

Line 13b – Unemployment Compensation

Enter the amount of any unemployment compensation shown on your federal TeleFile Tax Record, line D; Form 1040EZ, line 3; Form 1040A, line 13; or Form 1040, line 19.

Note: Do not include qualified state tuition program earnings.

Line 13c – Social Security Benefits (and tier 1 or tier 2 railroad retirement benefits)

Enter the total of any of these amounts shown on your federal return:

Social security benefits and equivalent tier 1 railroad retirement benefits reported on federal Form 1040A, line 14b or Form 1040, line 20b.

Note: Do not include any other pension amounts on this line.

If you filed Form 1040EZ, enter -0-.

Line 13d – California Nontaxable Interest or Dividend Income

California does not tax interest earned from:

- United States savings bonds;
- United States Treasury bills, notes, and bonds; and

- Bonds or obligations of United States territories, and government agency obligations specifically exempted by federal law.

Enter only the amount of interest that you received from these sources and that you included in the amount reported on your federal Form 1040A, line 8a; Form 1040, line 8a; or Form 1040EZ, line 2.

Interest from municipal or state bonds from a state other than California: This interest is taxed by California. You may not use Form 540A. Use Form 540 or e-file.

Interest from Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporation (FHLMC) securities: This interest is taxed by California. Do not enter it on line 13d.

Exempt-interest dividends from mutual funds: Certain mutual funds are qualified to pay "exempt-interest dividends" if at least 50% of their assets consist of tax-exempt government obligations. The portion of the dividends that are tax-exempt will be shown on your annual statement from the mutual fund. If the amount of California tax-exempt interest is more than the amount of federal tax-exempt interest, enter the difference on line 13d. If the amount of California tax-exempt interest is less than the amount of federal tax-exempt interest, you may not use Form 540A. Use Form 540 or e-file.

Line 13e – California Individual Retirement Account (IRA) Distributions

Note: You cannot use Form 540A if you have Roth IRA conversions or distributions. Use Form 540 or e-file.

The method of taxing IRA distributions is generally the same for California and federal purposes. However, there may be significant differences in the taxable amount depending on when you made your contributions. Before 1987, the maximum IRA contribution you were allowed to deduct from California income was less than the maximum amount you were allowed to deduct from federal income. For this reason, the amount of your IRA distribution taxed by California may be different from the amount taxed under federal law.

Report the difference between your California and your federal taxable IRA distributions on line 13e. Be sure to attach Form 1099-R to your Form 540A if tax was withheld. Get FTB Pub. 1005, Pension and Annuity Guidelines, for more information. See "Order Forms and Publications" on page 68.

Line 13f – California Pensions and Annuities

Generally, you will not make any adjustments on this line. However, if you received tier 2 railroad retirement benefits, tier 1 (non-social security equivalent) (included in the amount on federal Form 1040A, line 12b or Form 1040, line 16b), or partially taxable distributions from a pension plan, you may need to make the adjustment described below.

If you received a federal Form RRB 1099 – R for railroad retirement benefits and included all or part of these benefits in federal adjusted gross income on line 12b, enter the taxable benefit amount on line 13f.

If you began receiving a retirement annuity between July 1, 1986, and January 1, 1987, and you elected to use the three-year recovery rule for California, you must make an adjustment because your federal taxable amount is less than your California taxable amount. Figure the difference between the gross distribution shown on your Form 1099-R, box 1 and the taxable amount shown in box 2a. Enter the difference in parentheses on line 13f. For example: "(12,325)."

If you received a lump-sum distribution from a profit sharing or retirement plan, you may pay less tax on the distribution if you choose the 10-year averaging method. However, you must file Form 540 to use this method. See the instructions for Form 540 and

get Schedule G-1, Tax on Lump-Sum Distributions (not in this booklet), for more information. See "Order Form and Publications" on page 68.

Line 13g – Total California Adjustments

Combine line 13a through line 13f. If the result is less than zero, enter the amount in parentheses on Form 540A, Side 1, line 13g. In this case only, treat the amount on line 13g as a positive number and add it to the amount on line 12b.

Line 14 – California Adjusted Gross Income

Subtract line 13g from line 12b. Enter the result on line 14. If the result is less than zero, enter the amount in parentheses. For example: "(12,325)."

Line 15 – CA Itemized Deductions or CA Standard Deduction

You must decide whether to itemize your actual charitable contributions, medical expenses, interest paid, taxes, etc. or take the standard deduction. Your California income tax will be less if you take the **larger** of:

- Your California itemized deductions; or
- Your California standard deduction.

If you are married and file a separate return, you and your spouse must either both itemize your deductions, or both take the standard deduction.

Itemized deductions. Figure your California itemized deductions by completing the California Itemized Deductions Worksheet on this page. Enter the result on Form 540A, line 15.

Note: If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Form 540A, first complete a federal Schedule A, Itemized Deductions. Then complete the California Itemized Deductions Worksheet on this page. Do not attach federal Schedule A to this return.

Standard deduction. Find your standard deduction on the California Standard Deduction Chart for Most People on this page unless you filled in the circle on Form 540A, line 6. In that case, use the California Standard Deduction Worksheet for Dependents on this page.

California Standard Deduction Chart for Most People

Do not use this chart if your parent, or someone else, can claim you (or your spouse, if married) as a dependent on his or her tax return.

Your Filing Status	Enter On Line 15
1 – Single	\$3,004
2 – Married filing jointly	\$6,008
3 – Married filing separately	\$3,004
4 – Head of household	\$6,008
5 – Qualifying widow(er)	\$6,008

Note: The California standard deduction amounts are less than the federal standard deduction amounts.

California Standard Deduction Worksheet for Dependents

Use this worksheet only if your parent, or someone else, can claim you (or your spouse if married) as a dependent on his or her tax return.

- Enter your total wages, salaries, and tips from all your Form(s) W-2, box 1. (You may also refer to federal Form 1040EZ, line 1; Form 1040A, line 7; or Form 1040, line 7.) 1 _____
- 2 _____ 2 \$250.00
- Add line 1 and line 2. Enter total here 3 _____
- Minimum standard deduction 4 \$750.00
- Enter the **larger** of line 3 or line 4 here 5 _____
- Enter the amount shown for your filing status:
 - Single or married filing separately, enter \$3,004
 - Married filing jointly, head of household, or qualifying widow(er) enter \$6,008
 } 6 _____
- Standard deduction.** Enter the **smaller** of line 5 or line 6 here and on Form 540A, line 15 . 7 _____

California Itemized Deductions Worksheet

- Federal itemized deductions: Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27 1 _____
- Add the following amounts from federal Schedule A and enter on line 2:
 - Line 5, state and local income tax: _____
 - State Disability Insurance (SDI): _____
 - Line 8, foreign income taxes: _____
 2 _____
- Subtract line 2 from line 1. This amount is your total California **itemized deductions** 3 _____
- Is the amount on Form 540A, line 12b, more than the amount shown below for your filing status?
 - Single or married filing separately \$132,793
 - Married filing jointly or qualifying widow(er) \$265,589
 - Head of household \$199,192**Yes** Continue to line 5 of this worksheet
No Enter on Form 540A, line 15, the larger of:
 - The amount on line 3; or,
 - Your standard deduction* shown below:
 - Single or married filing separately \$3,004
 - Married filing jointly, head of household, or qualifying widow(er) \$6,008**Do not complete the rest of this worksheet.**
- Using California amounts, add the amounts on federal Schedule A, line 4, line 13, line 19 and any gambling losses included on line 27 5 _____
- Subtract line 5 from line 3 6 _____

Note: If -0-, skip line 7 through line 12, enter the amount from line 3 on line 13 and continue to line 14.
- Multiply line 6 by 80% (.80) 7 _____
- Amount from Form 540A, line 12b 8 _____

Worksheet continued on next page

9. Enter the amount shown below for your filing status 9
- Single or married filing separately . . \$132,793
- Married filing jointly or qualifying widow(er) \$265,589
- Head of household \$199,192
10. Subtract line 9 from line 8 10
- Note:** If -0- or less, skip line 11 and line 12, enter the amount from line 3 on line 13 and continue to line 14.
11. Multiply line 10 by 6% (.06) 11
12. Compare line 7 and line 11. Enter the smaller amount here 12
13. Total itemized deductions. Subtract line 12 from line 3 13
14. Enter on Form 540A, line 15, the larger of:
The amount on line 13; or,
Your standard deduction* shown below:
Single or married filing separately \$3,004
Married filing jointly, head of household, or qualifying widow(er) \$6,008

***Standard Deduction for Dependents.**

If your parent, or someone else, can claim you as a dependent, use the standard deduction amount from line 7 of the "California Standard Deduction Worksheet for Dependents" on page 11 instead of the standard deduction amount shown above.

Step 5 — Tax and Credits

First figure your tax. Be sure to use the correct filing status and taxable income amount. Then make sure you qualify to claim your credits.

Line 17 — Tax

If your taxable income on line 16 is:

- \$100,000 or less, you must use the tax table beginning on page 61. Be sure to use the correct column for your filing status.
- Over \$100,000, you must use the tax rate schedules on page 66.

Line 18 — Exemption Credits

Use your exemption credits to reduce your tax. If your federal adjusted gross income (AGI) on line 12b is more than the amounts shown below for your filing status, your credits will be limited.

If your filing status is: Is Form 540A, line 12b more than:

Single or married filing separately \$132,793

Married filing jointly or qualifying widow(er) \$265,589

Head of household \$199,192

Yes Complete the AGI Limitation Worksheet below.

No Follow the instructions shown on Form 540A, line 18.

AGI Limitation Worksheet

- a. Enter the amount from Form 540A, line 12b a _____
- b. Enter the amount for your filing status on line b . . b _____
- Single or married filing separately . . \$132,793
- Married filing jointly or qualifying widow(er) \$265,589
- Head of household \$199,192
- c. Subtract line b from line a c _____
- d. Divide line c by \$2,500 (\$1,250 if married filing separately) d _____
- Note:** If the result is not a whole number, round it to the next higher whole number
- e. Multiply line d by \$6 e _____
- f. Add the numbers from the boxes on Form 540A, line 7, line 8, and line 9 (not the dollar amounts) . f _____
- g. Multiply line e by line f g _____

- h. Enter the dollar amount for line 7, line 8, and line 9 h _____
- i. Subtract line g from line h. If zero or less, enter -0- i _____
- j. Enter the number from the box on Form 540A, line 10 (not the dollar amount) j _____
- k. Multiply line e by line j k _____
- l. Enter the dollar amount (that you filled in) from Form 540A, line 10 l _____
- m. Subtract line k from line l. If zero or less, enter -0- m _____
- n. Add line i and line m. Enter the result here and on Form 540A, line 18 n _____

Line 19 — Nonrefundable Renter's Credit

Did you pay rent for at least six months in 2002 on your principal residence located in California?

Yes You may qualify to claim this credit which may reduce your tax. Complete the qualification record on page 58.

No Go to line 20.

Step 6 — Overpaid Tax or Tax Due

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 25 through line 36.

Line 25 — California Income Tax Withheld

Enter on line 25 the total amount shown as California income tax withheld on your Form(s) W-2 in box 17; Form(s) W-2G in box 14; or Form(s) 1099-R in box 10.

Caution: Do not include city or county tax withheld or tax withheld by other states.

Note: The Franchise Tax Board (FTB) verifies all withholding claimed from a Form W-2, W-2G, 1099-MISC or 1099-R with the Employment Development Department.

If you received a Form 1099 showing California income tax withheld ("backup withholding") on dividends and interest income, include the amount withheld in the total on line 25 and attach a copy of the Form 1099 to your return.

If you do not have a Form W-2, see "Attachments to your return" on page 8.

Line 26 — 2002 California Estimated Tax and Payment with form FTB 3519

Enter the total of any:

- California estimated tax payments you made using 2002 Form 540-ES;
- Overpayment from your 2001 California income tax return applied to your 2002 estimated tax; and
- Payment you sent with form FTB 3519, Payment Voucher for Automatic Extension for Individuals.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, either of you may claim all of the amount paid, or you may each claim part of it. Attach a statement, signed by you and your spouse, explaining how you want your payments divided. Be sure to show both social security numbers on your separate returns. If you or your spouse made separate estimated tax payments, but you are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540A explaining that payments have been made under both social security numbers.

Line 27 — Excess California SDI (or VPD) Withheld

If California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) was withheld from your wages by a single employer at more than .9% of your gross wages, you may not claim excess SDI (or VPD) on your Form 540A. Contact the employer for a refund.

Worksheet continued in next column

You may be entitled to claim a credit for excess SDI (or VPD) only if you meet **all** of the following conditions:

- You had **two or more** employers during 2002;
- You received more than \$46,327 in wages; and
- The amounts of SDI (or VPD) withheld appear on your Forms W-2. Be sure to attach your Forms W-2 to your Form 540A.

Complete the Excess SDI (or VPD) Worksheet below to figure the amount to enter on line 27.

Excess SDI (or VPD) Worksheet	
Follow the instructions below to figure the amount to enter on Form 540A, line 27. If you are married and file a joint return, you must figure the amount of excess SDI (or VPD) separately for each spouse.	
	You Your Spouse
1. Add amounts of SDI (or VPD) withheld shown on your Forms W-2. Enter the total here 1	
2. 2002 SDI (or VPD) limit 2	\$416.94 \$416.94
3. Excess SDI (or VPD) withheld. Subtract line 2 from line 1. Enter the result here and on Form 540A, line 27. 3	

Note: If zero or less, enter -0- on line 27.

Line 28 through line 31 – Child and Dependent Care Expenses Credit

You may be able to claim this credit if you paid someone to care for your child under the age of 13, other dependent who is physically or mentally incapable of caring for him or herself, or spouse if physically or mentally incapable of caring for him or herself. To claim this credit, your adjusted gross income must be less than \$100,000. You must complete and attach form FTB 3506, Child and Dependent Care Expenses Credit, included in this booklet.

Line 28 and Line 29

Enter the qualifying person's social security number. Do not enter more than one qualifying persons' social security number on line 28 or line 29 from form FTB 3506, Part III. If you have more than two qualifying persons, see instructions for form FTB 3506, Part III, line 2.

Line 30

Enter the credit allowed from form FTB 3506, Part III, line 8 (do not round this amount).

Line 31

Enter the credit allowed from form FTB 3506, Part III, line 12 (do not round this amount).

Note: If you received a refund for 2001, you may receive a Form 1099-G, Certain Government Payments. The refund amount reported on your Form 1099-G will be different from the amount shown on your tax return if you claimed the Child and Dependent Care Expenses Credit. This is because the credit is not part of the refund from withholdings or estimated tax payments.

Line 33 – Overpaid Tax

If the amount on line 32 is more than the amount on line 24, your payments and credits are more than your tax. Subtract the amount on line 24 from the amount on line 32. Enter the result on line 33. This is the amount of your overpaid tax. If the amount on line 32 is less than the amount on line 24, go to line 36.

Line 34 – Amount You Want Applied To Your 2003 Estimated Tax

If you pay estimated tax, you may apply all or part of the amount on line 33 to your 2003 estimated tax. Enter on line 34 the amount of line 33 you want applied to your 2003 estimated tax.

Line 35 – Overpaid Tax Available This Year

If you entered an amount on line 34, subtract that amount from line 33. Enter the result on line 35. You may choose to have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make voluntary contributions from this amount. If you choose to make contributions, skip line 36 and go to Step 7.

Line 36 – Tax Due

If the amount on line 32 is less than the amount on line 24, your tax is more than your payments and credits. Subtract the amount on line 32 from the amount on line 24. Enter the result on line 36. This is the amount of your tax due.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- The tax due on line 36 is \$200 (\$100 if married filing separately) or more; and
- California income tax withheld on line 25 is less than 90% of the amount of your total tax on line 24.

If you owe a penalty, the Franchise Tax Board will figure the penalty and send you a bill.

Step 7 — Contributions

You may make contributions to the funds listed on Form 540A, Side 2, Step 7. See page 23 for a description of the funds.

Line 37 – Total Contributions

Enter the amount of your total contributions on line 37. If you did not make any contributions, do not enter an amount on line 37. If you show an amount on line 35, you must subtract the amount you contribute from the amount of overpaid tax. If you show an amount on line 36, you must add the amount you contribute to your tax due.

Step 8 — Refund or Amount You Owe and Direct Deposit (Refund Only)

Line 38 – Refund Or No Amount Due

If you did not enter an amount on line 37, enter the amount from line 35 on line 38. This is the amount that will be refunded to you. If the amount is less than \$1, attach a written request to your Form 540A to receive the refund.

If you entered an amount on line 37, subtract that amount from the amount on line 35. If the result is zero or more, enter the result on line 38.

Direct Deposit of Refund

Direct deposit is fast, safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on Form 540A, Side 2, Step 8. Please be sure to fill in all three boxes. **Do not** attach a voided check or deposit slip. See the illustration on the next page.

The illustration on page 14 shows which bank numbers to transfer to the preprinted boxes on Form 540A, Side 2, Step 8 or Form 540, Side 2, Step 13.



Do not use a deposit slip to find the bank numbers. Contact your financial institution for assistance in getting the correct routing number.

The Franchise Tax Board is not responsible when a financial institution rejects a direct deposit. If the bank or financial institution rejects the direct deposit due to an error in the routing number, the Franchise Tax Board will issue a paper check.

The diagram shows a check from John Doe and Mary Doe, 1234 Main Street, Anytown, CA 99999. The check is payable to the order of ANYTOWN BANK, Anytown, CA 99999. The routing number is 250250025 and the account number is 202020. The check number is 1234. A box indicates 'Do not include the check number' on the bank's side. The check is dated 12/34 and has a serial number 15-00000000.

If an amount was entered on line 37, and when subtracted from the amount on line 35 the result is less than zero, your contributions are more than your overpaid tax available on line 35. In this case, do not enter an amount on line 38. Instead, subtract the amount on line 35 from the amount on line 37. Enter the result on line 39 and see the instructions for line 39.

Line 39 – Amount You Owe

If you did not enter an amount on line 37, enter the amount from line 36 on line 39. This is the amount you owe with your Form 540A.

If you entered an amount on line 37, add that amount to the amount on line 36. Enter the result on line 39. This is the amount you owe with your Form 540A.

To avoid a late filing penalty, file your Form 540A by the extended due date even if you cannot pay the amount you owe.

Do not combine your 2002 tax payment and any 2003 estimated tax payment in the same check. You must prepare two separate checks and mail each in a separate envelope.

Paying by Check or Money Order – See page 8, Helpful Hints, “Attachments to Your Return.” Write your social security number and 2002 tax year on your payment. Make your check or money order payable to the Franchise Tax Board.

Other Payment Options

- **Electronic Funds Withdrawal** – Instead of paying by check you can use this convenient option if you e-file. Simply provide your bank information, amount you want to pay, and the date you want the balance due to be withdrawn from your account. Your tax preparation software will offer this option.
- **Credit Card** – You may use your Discover/NOVUS, Mastercard, Visa or American Express card to pay your tax. If you pay by credit card, do not mail form FTB 3519 to us. Call (800) 272-9829 or visit our website at www.officialpayments.com, and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service.

Paying by Credit Card – Whether you e-file or file by mail, you can use your Discover/Novus, Mastercard, Visa, or American Express card to pay your personal income taxes (tax return balance due, extension payment, estimated tax payment, or tax due with bill notice). **There is a convenience fee for this service.** This fee is paid directly to Official Payments Corp. based on the amount of your tax payment.

Convenience Fee

- 2.5% of the tax amount charged (rounded to the nearest cent)
- Minimum fee: \$1

Example:

Tax Payment = \$753.56 Convenience Fee = \$18.84

When will my payments be effective?

Your payment is effective on the date you charge it.

What if I change my mind?

If you pay your tax liability by credit card and later reverse the credit card transaction, you may be subject to penalties, interest, and other fees imposed by the Franchise Tax Board for nonpayment or late payment of your tax liability.

How do I use my credit card to pay my income tax bill?

Once you have determined the type of payment and how much you owe, you should have the following information ready:

- Your Discover/Novus, Mastercard, Visa, or American Express card
- Credit card number
- Expiration date
- Amount you are paying
- Your and your spouses' SSN
- First 4 letters of your and your spouses' last name
- Tax year
- Home phone number (including area code)
- ZIP Code for address where your monthly credit card bill is sent
- FTB Jurisdiction Code: 1555

Go to the Official Payments Corp. Website

(www.officialpayments.com) and select Payment Center, or use the toll free number at (800) 2PAY-TAX or (800) 272-9829. Follow the recorded instructions. Official Payments Corp. will tell you the convenience fee before you complete your transaction. You can decide whether to complete the transaction at that time.

Payment Date : _____

Confirmation Number: _____

If you cannot pay the full amount shown on line 39 with your return, you may request monthly payments.

Line 40 – Underpayment of Estimated Tax

You may owe a penalty if:

- Line 36 is \$200 (\$100 if married filing separately) or more and more than 20% of the tax shown on line 24; or
- You underpaid your 2002 estimated tax liability for any payment period. The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill. Or you can get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries, to see if you owe a penalty and to figure the amount. If you complete form FTB 5805, enter the amount of the penalty on line 40 and fill in the circle on line 40. You must complete and attach form FTB 5805 if you claim a waiver of the penalty or use the annualized income installment method.

Note: Do not reduce the amount on line 33 or increase the amount on line 36 by any penalty or interest amounts.

See page 2, “Important due dates,” for information on estimated tax payments and how to avoid the underpayment penalty.

Line 41 – 2003 Tax Forms

If your Form 540A is prepared by someone else or if you do not need tax forms mailed to you next year, fill in the circle on line 41.

Step 9 — Sign Your Return

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also. See page 8 “Helpful Hints” for information on verifying and checking information on your return, attachments to your return, and assembling and mailing your return.

Joint Return. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. See “Innocent Spouse Relief” on page 60.

Mailing Your Return

Mail your return in the envelope provided in this booklet. If your return shows **a refund or no amount due**, be sure to attach the **green label** to the front of the envelope. If your return has an **amount you owe**, be sure to attach the **white label** to the front of the envelope.

If you have misplaced your envelope, see page 8, “Mailing your return” for the correct address.